

Questionnaire Q199

Remedies to protect the right of clients against forcible disclosure of their IP professional advice

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National Group: Swiss National Group of AIPPI

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I submit the following report.

1. Q.199 - Questionnaire

Present position

Local position

1.1 Protection of communication between clients and IP professionals

The Federal Law on Patent Attorneys of March 20, 2009 (BBI 2009, pages 2013 ff.) will enter into force on January 1, 2011 (PAG). According to Article 10 PAG patent attorneys and their assistants will be subject to the same protection of professional secrecy as lawyers as of January 1, 2011. Article 321 point 1 first sentence of the Federal Criminal Code (FCC) (SR 311.0) and Article 171 para 1 of the Law of Criminal Procedure (BBI 2007, pages 6977 ff.) are amended accordingly. The protection emanating from Article 321 FCC has not been applied to in-house lawyers by jurisprudence.

The Swiss Law on Civil Procedure of December 19, 2008 (BBI 2009, pages 24 ff.) (LCP) will enter into force on January 1, 2011. It will replace the Law on Federal Civil Procedure of December 4, 1947 and the 26 existing Cantonal Laws on Civil Procedure. According to Article 156 LCP the courts are bound to protect business secrets. According to Article 160 para 1 lit. b LCP, documents related to correspondence with the attorney need not be produced. The provision has not been extended to patent attorneys. However, patent attorneys may refuse to produce documents based on Article 163 para 1 lit. b and Article 166 para 1 lit. b LCP

because the breach of confidentiality would be punishable under the amended Article 321 Federal Criminal Code. The communication with in-house lawyers and patent attorneys is protected by Article 156 LCP.

1.2 **Protection of communications between clients and third parties**

The answer to this question is complex. If the technical expert is a lawyer or patent attorney, the communication is protected by the legal provisions stated under point 1.1 above. Otherwise the client would have to invoke Article 156 LCP concerning protection of business secrets (in general).

1.3 **Protection of communications between lawyers/patent attorneys and third parties such as technical experts**

These communications are protected under Article 321 point 1 first sentence Federal Criminal Code (as amended) and enjoy, therefore, the privilege of Article 163 para 1 lit. b and Article 166 para 1 lit. b LCP.

Overseas communications

1.4 **Protection of communication with overseas professional**

Communications between local IP professional and overseas IP professionals are protected under the legal provisions stated in section 1.3 above. The law on patent attorneys is only applicable to persons that give advice or represent clients in patent matters in Switzerland (Article 1 para 2 PAG). The communications between Swiss clients and foreign patent attorneys are presumably only protected as business secrets under Art. 156 LCP, and not under Article 10 PAG unless the advice is given in Switzerland.

1.5 **Scope of protection**

The full protection emanating from Article 321 FCC is applicable to independent lawyers and patent attorneys doing business in Switzerland. It is presumably also applicable if patent attorneys give advice in design or trademark matters. The activities of persons that instruct exclusively trademark and design matters would fall outside the scope of Article 1 para 2 PAG and Article 321 FCC. Since the new legislation is not yet in force and there is no jurisprudence, no reliable opinion can be expressed on issues not specifically regulated.

Limitations and exceptions

1.6 **Limitations**

For the protection based on Article 321 Federal Criminal Code there is basically no exception. It is, however, held to be inapplicable to in-house lawyers by jurisprudence. For trade and business secrets protected by Article 156 LCP and by substantive law provisions such as Federal Code of Obligations of March 30, 1911 (CO) (SR 22), Article 321a (employment), Article 418 lit. d (agency), Articles 697 and 730 (corporation), and Article 857 (cooperative) and Law against unfair Competition of December 19, 1986 (LUC) (SR 241), Article 6, there are exceptions in particular in connection with criminal investigation or overriding public or party interest. In connection with criminal law investigation the right to withhold information is

narrowly defined. According to Article 171 para 1 Law of Criminal Procedure professional secrets are only protected within the framework of Article 321 FCC. The exception for public or overriding third party interest is complex because there is no single provision of law that may be invoked. The practical importance is limited.

Quality of protection

Local communications

1.7 Quality appraisal of protection

- (i) Communication between clients and IP professionals: With respect to independent lawyers and patent attorneys, the protection is excellent (Art. 321 FCC). With respect to pure trademark agents and in-house lawyers (and presumably patent attorneys as well), the protection is relatively weak (Article 6 Law against unfair Competition, Article 156 LCP).
- (ii) Communication between clients and third party experts other than patent attorneys or lawyers: Relatively weak protection by substantive law (e.g. Article 6 Law against unfair Competition and Article 156 LCP).
- (iii) Communication between independent lawyers or IP professionals and third parties, e.g. experts: Protection is excellent (Article 321 FCC).

Communications with overseas IP advisers

- 1.8 The protection of communication between independent local lawyers or IP professionals and overseas IP professionals is excellent based on Article 321 FCC. The protection of communication between clients as well as in-house lawyers (and presumably patent agents) and overseas IP professionals is weaker (Article 156 LCP and Article 6 of the Law against unfair Competition).

2. Remedies

Limitations

Tests such as the 'dominant purpose' test.

- 2.1 Switzerland has two standards of protection:

- (i) The protection under Article 321 Federal Criminal Code (FCC) extends to all information to which the lawyer or patent attorney becomes privy in the exercise of his profession. There is no restriction that would exclude any kind of document (provided it is linked to the exercise of the profession).
- (ii) The protection under Article 156 LCP looks exclusively at the document. If it contains a business secret, it is protected, otherwise not.

- 2.2 Based on the above, there is no need for a further standard and in particular not for a further limitation.

Judicial discretion to deny protection

- 2.3 There should be no discretion.
- 2.4 It is difficult to imagine a situation where the disclosure of secrets is necessary to render justice. What is conceivable is a rule that a judge may ask a party to disclose a secret protected by Article 156 LCP to the judge alone in order to facilitate the rendering of justice (in arbitration protected evidence is sometimes disclosed to the attorney of the opposite party – under agreement of confidentiality). An exception addressed to the lawyer or IP professional for secrets protected by criminal law under Article 321 FCC is not conceivable at all.
- 2.5 In civil procedure the judge may ask the **parties** (not the lawyers or IP professionals) to disclose documents deemed secret under assurance of preservation of secrecy to the court.

Qualifications required of IP advisers

- 2.6 There is no opposition against this standard. However, it should be pointed out that under Swiss law only patent attorneys enjoy the protection of professional secrets like lawyers. There is no corresponding protection for pure design or trademark agents.
- 2.7 Not applicable.
- 2.8 The new law concerning patent attorneys describes the heavy conditions to be met in order to be allowed to use the title "Patent attorney". It is somewhat extraordinary that lawyers specialized in IP may not call themselves "Patent Attorney" (Article 2 LPA). Only people with a title in engineering or natural science may qualify as "Patent Attorney". If registered with the European Patent Office, however, lawyers may call themselves "European Patent Attorney". The new law concerning patent attorneys (PAG) is applicable to all persons giving advice or acting as agent in patent matters who qualify to bear the title of "Patent Attorney" or "European Patent Attorney" (Article 1 LPA). There are thus no patent attorneys without qualification protected by the new legislation.

Scope of protection against forcible disclosure – difference between lawyer-client and litigation privilege

- 2.9 There should be no limitation to the protection of information with which lawyers or patent attorneys have been entrusted. Otherwise there is no opposition in principle to the proposed concept.
- 2.10 Not applicable.
- 2.11 Yes.
- 2.12 None

Exceptions and waivers

- 2.13 No. If the aim is to harmonize the protection, the exceptions have to be harmonized as well. That means that if in any given country the exceptions presently granted by the applicable law exceed the concept underlying the harmonisation, the law has to be changed within a period of grace.

2.14 Yes, of course.

2.15 We doubt whether Article 30 TRIPS is of any help. If it is agreed that harmonisation of protection by necessity requires a harmonisation of exceptions as well, it will be necessary to define the exceptions allowed (in as general terms as possible) for each category of protection.

2.16 Since the law enters into force on January 1, 2011, there is no case law yet.

The AIPPI proposal compared with the alternative described in Section 5 above

2.17 The AIPPI proposal would be more effective and merits priority.

Proposals from the Swiss Group

2.18 In Switzerland the introduction of the Federal Law concerning Patent Attorneys is definitely a big step forward. The open questions in Switzerland are:

- (i) the protection of trademark agents and trademark and design matters,
- (ii) the protection of in-house lawyers and in-house patent attorneys by jurisprudence.

(The application of Article 321 Federal Criminal Code and the protection resulting from it to in-house lawyers and in-house patent attorneys is not excluded by the text of the law. The non-applicability results from its interpretation by jurisprudence.) On an international level matters are complicated enough without the confusion a further proposal is likely to create.

2.19 There are no further comments.

2.20 There may be a conflict with the present interpretation of the scope of Article 321 FCC in Switzerland according to which the protection does not apply to in-house lawyers. It would require a further in-depth analysis to determine if and in what respect the text of the national legislation would need to be amended. Whenever Switzerland adheres to a treaty, the implementation usually takes the form of an act of law in connection with which relevant provisions of national laws are amended, if necessary.

Final remark: The Swiss Group did not yet have an opportunity to formally approve the above report yet.
